

Quarterly Report

Quarter 2, FY 2016

January 1–March 31, 2016



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ABADE
ASSISTANCE IN BUILDING AFGHANISTAN BY DEVELOPING ENTERPRISES



Assistance in Building Afghanistan by Developing Enterprises (ABADE) Program

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List of Acronyms

ABADE:	Assistance in Building Afghanistan by Developing Enterprises	CIPE:	Center for International Private Enterprise
ACCI:	Afghanistan Chamber of Commerce and Industries	COP:	Chief of Party
ACD:	Afghanistan Customs Department	DBA:	Doing business as
ACEMG:	Afghanistan Carpet Exporters and Manufacturers Guild	DCOP:	Deputy Chief of Party
ADF:	Agricultural Development Fund	DFID:	UK Department for International Development
AISA:	Afghanistan Investment Support Agency	EMMP:	Environmental mitigation and monitoring plan
AOR:	Agreement Officer's Representative	ERF:	Environmental review form
APPF:	Afghan Public Protection Force	ERR:	Environmental review report
AREU:	Afghanistan Renewable Energy Union	FAIDA:	Financial Access for Investing in the Development of Afghanistan
ASI:	Adam Smith International	GDA:	Global Development Alliance
ASM:	Artisanal and small-scale mining	GIROA:	Government of the Islamic Republic of Afghanistan
ASMED:	Afghanistan Small and Medium Enterprise Development	GIZ:	Deutsche Gesellschaft für Internationale Zusammenarbeit
ATAR:	Afghanistan Trade and Revenue Project	ICT:	Information and communications technology
AWDP:	Afghanistan Workforce Development Program	IDEA-NEW:	Incentives Driving Economic Alternatives for the North, East, and West
AWLE:	Afghan Women's Leadership in the Economy	IESC:	International Executive Service Corps
BCCI:	Balkh Chamber of Commerce and Industry	IT:	Information technology
BCU:	Balkh Craft Union	LOP:	Life of project
BEO/OAPA:	Bureau Environmental Officer / Office of Afghanistan and Pakistan Affairs	M&E:	Monitoring and evaluation
CCN:	Cooperating country national	MEO:	Mission Environmental Officer
		MEP:	M&E plan
		MFA:	Ministry of Foreign Affairs
		MIDAS:	Mining Investment and Development for Afghan Sustainability

MoCI:	Ministry of Commerce and Industries	USAID:	United States Agency for International Development
MEW:	Ministry of Energy and Water	VEGA:	Volunteers for Economic Growth Alliance
MoF:	Ministry of Finance	WIE:	Promote: Women in the Economy
MoMP:	Ministry of Mines and Petroleum	WSME:	Women's small and medium enterprise
MoPW:	Ministry of Public Works		
MoWA:	Ministry of Women's Affairs		
MUDA:	Ministry of Urban Development Affairs		
NGO:	Nongovernmental organization		
NMD:	New Market Development		
OAPA:	Office of Afghanistan and Pakistan Affairs		
OEG:	Office of Economic Growth		
OIG:	Office of Inspector General		
PPE:	Personal protective equipment		
PLSO:	Partner Liaison Security Office		
PPA:	Public-private alliance		
RADP:	Regional Agricultural Development Program		
REO:	Regional Environmental Office		
RLO:	Regional Legal Office		
SEDEP:	Sustainable Economic Development and Employment Promotion		
SHAHAR:	Strong Hubs for Afghan Hope and Resilience		
SME:	Small and medium enterprise		
SMED:	Small and Medium Enterprises Development Directorate of MoCI		
TOT:	Training of trainers		
UNAMA:	United Nations Assistance Mission in Afghanistan		
UNDP:	United Nations Development Programme		



Farah Farhat Faizi employees preparing vegetables for processing

1 Project Overview

Assistance in Building Afghanistan by Developing Enterprises (ABADE) works with the private sector in Afghanistan to strengthen its productivity and help enterprises sustain growth and create jobs. ABADE's objectives are to increase domestic and foreign investment, stimulate employment and improve sales of Afghan products. ABADE's public-private alliances (PPAs) with small and medium enterprises (SMEs) help reduce the risks involved in business expansion. The project coordinates with other USAID programs to improve the business-enabling environment, develop a skilled workforce and facilitate access to finance.

Current Activities

SME alliances: Capital is provided to existing SMEs or business alliances through a competitive application process. The Afghan business partners must invest at least twice the amount of USAID's contribution. ABADE's investment in a medical-grade cotton production line for a manufacturer of hospital equipment is an example of an SME alliance.

Innovation public-private alliances (PPAs): USAID aims to stimulate innovation by providing capital for new business ideas through a competitive application process. The Afghan business partners must invest an amount at least equal to the USAID contribution. ABADE's investment in the production of high-quality compost using thousands of imported worms—the first use of this approach in Afghanistan—is an example of an innovation PPA.

Technical assistance and business advisory services: ABADE provides technical assistance and business advice to SMEs, sub-award recipients and other key stakeholders in areas such as accounting, marketing, access to finance, achieving quality standards and using specialized production machinery. Special focus is placed on women entrepreneurs and ABADE's PPA partners.

Business enabling environment: ABADE works with the Ministry of Commerce and Industries (MoCI) of Afghanistan to improve Afghanistan's business climate by addressing regulatory and procedural barriers that affect a private enterprise's ability to compete. The program worked with businesses and government to create five-year, industry-specific action plans for the agribusiness, marble, gemstones and jewelry production, construction materials, carpets and women-owned small and medium enterprises sectors, and is now assisting stakeholders with the implementation of priority initiatives identified in action plans.

2 Executive Summary

This report summarizes accomplishments in ABADE's three programmatic components (PPAs, technical assistance and business advisory services, and business enabling environment) for Q2 of FY2016, covering the period from January 1 to March 31, 2016.

2.1 Summary of Results

ABADE continued to exceed its targets in this quarter. The numbers of both SME alliances and innovation alliances have exceeded the life of project targets. A total of 267 (103%) SME alliances and 29 (119%) innovation alliances have been formed. ABADE's investment in the private sector has also significantly exceeded the LOP target, coming in at 66% over the target. The total joint investment by PPA partners and ABADE is currently more than \$298 million. Other indicators are on track to be achieved or exceeded before the end of the program in April 2017.

In January 2016, ABADE received a six-month, no-cost extension, changing the end date of the program to April 15, 2017.

Component 1: Public–Private Alliances (PPAs)

After submitting all PPA applications to USAID, feasible in terms of remaining time and available funding, in the first quarter of 2016, ABADE received approval from USAID for all of submissions and subsequently signed the PPA agreements. Thus, ABADE formed a total of 18 PPAs this quarter. These have a total investment value of \$48.2 million. Of the 18 PPAs, 11 are SME alliances and 7 are innovation alliances. The selected partners operate in diverse sectors, including medical technology, construction materials production, carpet production and food processing.

This quarter, 34 PPAs have been closed, valued at more than \$17.3 million. Through them, ABADE leveraged almost \$16 million in partner funds, investing only \$1.6 million of USAID funds. This amounts to \$9.40 of partner funds leveraged for every \$1.00 of USAID funds invested.

Completed PPA

In January 2016, ABADE completed the alliance with Afghan Rice Processing Mill in Jalalabad after delivering a paddy storage silo, color sorters, rice polishers and de-stoners. Before the investment, the company used to process 4–5 tons of rice every day due to limited resources. With this investment Afghan Rice is able to process 52 tons per day over two shifts, and the rice is of much higher quality. The company has already hired 30 new staff of the planned 200, and quadrupled its sales.



Afghan Rice employee at work

Equipment valued at \$749,067 was dispositioned to 22 PPA partners, becoming their property.

A total of 167 investment partnerships are currently under implementation, and 129 have been completed over the life of project. A total of 97 PPA partners have received the right, title and interest of equipment ABADE procured. The total value of that equipment is almost \$3 million.

Component 2: Technical Assistance and Business Advisory Services

Following its merger with Component 1 last quarter, and after PPA application development was completed, Component 2 team members turned their focus to PPA implementation, the provision of technical assistance to PPA partners and other program stakeholders, and management of demand-driven training. ABADE conducted two training activities for program partners and industry stakeholders this quarter, and continued providing technical assistance in food safety to PPA partners, reaching a total of 56 SMEs.

Component 3: Business Enabling Environment

ABADE continued to support MoCI in implementing action plans for target industries. This quarter, ABADE helped MoCI hold working group meetings, mobilized stakeholders and worked on implementing resolutions to priority constraints that were identified in the action plans. ABADE also progressed work on four training programs to address identified issues. The programs are expected to begin next quarter.

Additionally, ABADE started supporting the Afghanistan Carpet Exporters and Manufacturers Guild (ACEMG) to develop its website and train its staff in website administration.

2.2 Constraints and Critical Issues

ABADE continues to encounter the following constraints and critical issues, which have been mentioned in prior reports.



Piroz Star employees packaging biscuits. The PPA is in the final stages of implementation.

Delays in PPA implementation have been an overriding concern since the beginning of the program, and are especially detrimental at this late stage, where even a small delay can mean extending a PPA's completion date past the ABADE end date.

Major delays currently stem from the lengthy and complicated process of re-registering companies with the Afghanistan Investment Support Agency (AISA). ABADE requires that all SME partners have updated

business licenses; if a PPA partner's business registration has lapsed, all activities relating to that PPA are suspended. This creates problems when procurement has already commenced and the equipment is in transit, as the shipment can no longer be suspended.

Other delays are being caused by the impact of the worsening security situation on Afghanistan's overall economy. The security situation has slowed economic growth, and alliance partners are struggling to complete their deliverables on time due to cash flow problems and reduced revenue. In the majority of alliances, the partner is responsible for preparing the site or facility to house the ABADE-procured equipment or for purchasing a part of the production line. When they are unable to do so, the installation of the equipment is delayed. In several cases, ABADE has been forced to warehouse equipment until the partner was ready to receive it, and in other cases the partner has withdrawn from the alliance altogether due to lack of funds.



Employee of Mido Dairy working on ABADE-provided equipment

Lack of technical experience and expertise in Afghanistan is another constraint affecting several alliances. Much of the equipment and many of the production lines ABADE procures for PPA partners is new or improved technology for the partners. It often requires expert assistance for installation, integration into the existing production and training of staff. Technical expertise for this is lacking in Afghanistan, and security concerns are preventing Turkish, Chinese and other experts from traveling to Afghanistan. ABADE is seeking alternative solutions, such as hiring Pakistani experts who are more willing to travel to Afghanistan or sending Afghan engineers to other countries for training. However, the latter approach is proving increasingly difficult. Due to the current global refugee crisis, Afghan citizens are not being issued visas to travel to many countries.

3 Activity Implementation

3.1 Key Activities Accomplished during the Quarter

As noted above, ABADE continued to exceed its targets in this quarter. The numbers of both SME alliances and innovation alliances have exceeded the life of project targets. A total of 267 (103%) SME alliances and 29 (119%) innovation alliances have been formed. ABADE's investment in the private sector has also significantly exceeded the LOP target, coming in at 66% over the target. The total joint investment by PPA partners and ABADE is currently more than \$298 million. At this point, only two indicators have not yet exceeded LOP targets. These are the

number of SMEs supported and the number of jobs created, and both are on track to be achieved before the end of the program in April 2017.

As agreed with the Agreement Officer's Representative (AOR), ABADE is not reporting on the results of the full-time equivalent (FTE) jobs created indicator this quarter. ABADE's monitoring and evaluation (M&E) plan is currently under revision and the methodology used to calculate FTE jobs created results is proposed to change. Instead of using extrapolation and a sample of the SME population, ABADE will survey all of the SMEs supported. The survey will be done twice a year to avoid excessive time, staff resource and fiscal burdens. The first such survey was conducted in Q1 of FY2016. The second is scheduled for Q4, and the results will be reported in the FY2016 Annual Report.

The results for all ABADE indicators are presented in Table 1.

Table 1 – ABADE Performance Indicator Results¹

MEP Ind	Performance Indicator (source of information)	Q2 FY2016 January–March 2016			ABADE Year 4 (FY 2016)			Life-of-Project Totals		
		Target	Total	%	Target	Total	%	LOP Target	Total	%
I. Tier I Indicators										
1	500 SMEs supported with ABADE assistance (SME registration forms)	46	23	50%	184	68	37%	500	420	84%
2	150 private sector firms that have improved management practices as a result of USG assistance (SME registration forms and survey forms)	15	12	79%	61	40	66%	150	208	139%
3	200 firms receiving USG assistance to invest in improved technologies (SME registration forms)	2	13	650%	2	37	1850%	200	287	144%
4	260 SME public–private alliances formed as a result of ABADE assistance (SME PPA agreements)	8	12	150%	8	38	475%	260	267	103%
5	25 innovation public–private alliances formed (Innovation PPA agreements)	2	7	350%	2	11	550%	25	29	116%
6	USD 180 million in private sector investments created (Innovation and SME PPA agreements)	\$ 1,500,000	\$45,605,462	3040%	\$3,000,000	\$ 97,379,455	3246%	\$180,000,000	\$298,068,755	166%
7	20% increase in sales by public-private alliance SMEs (SME registration forms and survey forms)	5%	166%	3320%	20%	166%	830%	20%	166%	830%
8	40 initiatives that provide alternative workplace models for women (Initiative registration forms)	3	3	100%	12	13	108%	40	58	145%
9	200 women trained in “high value” skills (Graduate registration forms)	0	0	N/A	73	43	59%	200	235	118%
10	6 action plans accepted by MOCI (Action plan acceptance forms)	0	0	N/A	0	0	N/A	6	6	100%
11	4 business constraints addressed (Constraint addressed forms)	0	0	N/A	2	1	50%	4	3	75%
II. Tier II Indicators										
A	15,000 full-time equivalent jobs created (SME registration forms and survey forms)	N/A			N/A			15,000	1,901	13%
B	80,000 beneficiaries (Beneficiary forms)	40,000	978,800	2447%	40,000	2,387,300	5968%	80,000	2,559,829	3200%

¹ As agreed with the AOR, ABADE is not reporting on the results of the FTE jobs created indicator in this quarter.

Component 1: Public–Private Alliances

Component 1 is responsible for the implementation of approved and signed PPAs. This involves two sub-components: SME alliances and innovation alliances. SME alliances work with existing productive SMEs, consortia or joint ventures to mitigate business expansion risks, encourage private investment for business growth and job creation, and expand markets for alliances. Innovation alliances stimulate private sector–led development and investment through innovation-focused activities.

To date, ABADE has invested in 296 partnerships with the private sector. These partnerships comprise 267 SME alliances and 29 innovation alliances.

Table 2 presents ABADE’s overall PPA portfolio, demonstrating results from the start of program implementation to date, as well as accomplishments during the reporting period covering Q2 of FY2016.

Table 2 – ABADE PPA Portfolio as of March 31, 2016

ABADE PPA Portfolio	Number of PPAs	ABADE Contribution	Partner Contribution	Total Investment
Overall results				
Total PPAs	296	\$40,677,737	\$257,391,018	\$298,068,755
USAID/PPA partner leverage ratio		1:6.3		
PPA category				
SME PPAs	267	\$32,256,332	\$210,489,975	\$242,746,307
Innovation PPAs	29	\$8,421,405	\$46,901,043	\$55,322,448
PPA status				
Active PPAs	167	\$36,440,661	\$224,899,216	\$261,339,877
Completed/closed-out PPAs	129	\$4,237,076	\$32,491,802	\$36,728,878
Q1 FY2016				
PPAs formed in Q2 FY2016	18	\$7,084,619	\$38,305,663	\$45,390,282
PPAs completed in Q2 FY2016	34	\$1,674,352	\$15,710,476	\$17,384,828

Implementation of SME and Innovation Alliances

Completed PPAs

Thirty-four investment partnerships were completed and closed out in Q2 of FY2016. The total investment value of these partnerships was \$17.4 million. ABADE provided the 34 completed PPAs with the primary equipment necessary to undertake their expansion plans via \$1.7 million in investments. The SME partners contributed their existing resources and invested in new

machinery and training of staff. Partner contributions had an approximate total value of \$15.7 million.

The partnerships completed and closed out in the first quarter operated in diverse sectors, including food manufacturing, agribusiness, information and communication technology (ICT), furniture production, plastic product manufacturing, car repair services and construction

material production.

Equipment Title Transferred to PPA Partner

Selab Sohail and ABADE completed an investment alliance with a total value of over \$250,000 in September 2015. ABADE procured a metalworking lathe, a metalworking plane and a milling machine for this investment. The partner procured a bending machine (hydraulic press) and paid for equipment transportation. On March 8, 2016 ABADE transferred the title to the equipment to the partner. The investment increased the company's production capacity for producing small scale agricultural machinery, such as threshers, rice shellers (de-hullers), corn shellers, trailers and micro hydro-power turbines in-country. As a result, sales went up by 176% and four new workers were hired.



Selab Sohail employee working on ABADE-procured lathe

Marikh Tech Company is one of the ICT companies that completed its investment partnership with ABADE this quarter. Mobile phone usage in Afghanistan is very high. Yet, the vast majority of Afghans don't have bank accounts, and even fewer have access to credit or debit cards and the Internet. Therefore, most of the estimated 15 million or more mobile phone users across Afghanistan pay for their phone calls via printed top-up cards bought from street vendors or convenience stores. This distribution channel is both expensive and inefficient, due to the high cost and resource burden of printing, distribution, and security for the scratch cards. As a result, approximately 7% of the cost of a top-up card in Afghanistan is used to cover distribution costs, which presents a huge market opportunity for companies that can distribute mobile phone top-ups at a lower cost. To take advantage of this market opportunity, in 2011, Marikh Tech established a small network of e-payment kiosks based on the working technology and business model of ExpressPay Tajikistan. Since then, Marikh Tech has won top-up supply contracts with all the major mobile operators in Afghanistan and has grown rapidly, supplying e-payment services worth more than \$140,000 per month via 300 branded kiosks located in prominent outdoor and indoor locations, such as Kabul airport.

With the help of ABADE, Marikh Tech expanded its kiosk network with an additional 110 e-payment kiosks, where users can top-up their prepaid mobile accounts and access other e-payment services. The company is expecting to integrate further services into the kiosks in the future, such as utility bill payments or money transfers. The partnership with ABADE has already created nine direct jobs, while additional employees are to be hired in the future for installation, servicing and operations roles.

Talaya Production Company is another PPA partner that successfully completed its investment with ABADE this quarter. This tissue and paper towel producer is one of the most active companies in Hirat's industrial town. As part of the ABADE-supported expansion, the company acquired equipment for toilet paper production and diversified into this steadily increasing market. Before learning of the ABADE PPA program, Talaya met with financial institutions to



Talaya employee at ABADE-provided tissue roll rewinder

apply for a long-term loan for this project, but the interest rate (14–18%) was too high for the expected rate of return in this industry. Talaya was also unable to provide the land title documents the banks required as collateral. ABADE's support, which amounts to only 10% of the total investment, allowed the company to make the commitment to the project and acquire the equipment. ABADE provided training in business plan development, sales and marketing and accounting software. ABADE also provide technical support for the implementation of these important aspects of business operations. The support resulted in improved company management and operations, a 167% increase in sales and creation of 50 new jobs for local people in Hirat. A further 22 employees are expected to be hired in the future.

Table 3 presents the number of PPAs closed out in this quarter.

Table 3 – PPAs Closed Out in Q2 FY2016

Province	Number of PPAs	ABADE Contributions	Partner Contributions	Total Investment
Balkh	7	\$221,867	\$2,386,280	\$2,608,147
Hirat	10	\$271,665	\$3,584,372	\$3,856,037
Kabul	8	\$577,721	\$5,821,396	\$6,399,117
Nangarhar	9	\$603,099	\$3,918,428	\$4,521,527
TOTAL	34	\$1,674,352	\$15,710,476	\$17,384,828
Percentage contributed		10%	90%	

Equipment Title Transferred to PPA Partner

Shamshad Farman and ABADE completed an investment alliance with a total value of over \$123,000 in September 2015. ABADE procured a washing powder mixer, a screening/sieve machine, washing powder packaging



Shamshad Farman employee closing a 20 kg bag using ABADE-provided handheld stitching machine

machines, a manual handheld stitching machine and a digital retail scale. Shamshad Farman invested in facilities renovation and furniture, and a motorized trike. In addition to expanding the company's production capacity, this joint investment enabled the partner to start marketing different-sized bags of detergent, which brought in new contracts. Sales increased more than four times and seven new jobs have been created.

Close-out of a PPA means that the deliverables of all parties have been completed. Close-out is the first step toward transferring the title of the equipment to the partner and fully integrating it into the partner's operations. ABADE implementation and M&E teams continue to monitor company operations and use of the equipment for three to six months after close-out, providing the partner with ample time to ensure proper functioning of the equipment. After this period, the equipment is transferred to the partner. The transfer agreement effectively transposes ABADE's right, title and interest in the property and physical possession of the materials and equipment

purchased by ABADE as its contribution to the investment partnership. During Q2 of FY2016, ABADE transferred title of equipment to 22 partners in five provinces across Afghanistan.

Along with monitoring job creation and sales of closed-out PPAs, ABADE continues to check on the status of equipment turned over to partners and, on an as-needed basis, provides referrals or information on equipment maintenance services and providers.

Active PPAs

At the end of Q2 of FY2016, 167 PPAs were under implementation, in various stages of completion (e.g., procurement, shipping or installation of equipment by ABADE or the partners, technical training in the proper use of new equipment, training in food safety or training in financial systems or various management practices).

One of ABADE's larger alliances, amounting to more than \$4.5 million of joint investment, is with the Mahmoud Star Steel Mill (MSSM) located in Kandahar. This investment partnership will

support the installation of production equipment for the manufacture of reinforcing bar (rebar), angle iron, flats and T-iron construction materials in the steel mill and will enable an upgrade of the mill's emission control systems. MSSM processes scrap steel into steel billet using an electric induction furnace and open cast molds; however, the company is not currently capable of roller milling the billets into construction products. Through the PPA, the company will improve upon local construction material production quality standards to compete with imported products and reduce the cost of these materials for local construction companies. ABADE procured a rolling mill, a reheating furnace, new electric cabling, workshop machinery and a crane. ABADE also contributed three-fourths of the cost of the emission control units.

PPA Completion Ceremony in Hirat

ABADE conducted a ceremony to express appreciation to 14 of its Afghan partners in public-private alliances in Hirat. The ceremony aimed to recognize the contribution that the 14 companies made to Afghanistan's growth and development. The Hirat-area firms have, in collaboration with the ABADE program, invested more than \$5 million in expanding their businesses to create 500 jobs over the next several years. On average, they have contributed \$6 for every \$1 USAID has contributed.

The investment partnerships span the full range of productive activity, from food manufacturing and agribusiness to clothing and furnishings production, construction materials production, metal fabrication, carpentry, digital printing and geoscience services.



Public-private alliance is designed to encourage sustained business growth and the creation of new jobs by mitigating the risks of investment. Under the program, SME partners define their growth plans and commit their resources to implement this plan. ABADE supports the plan with the provision of the capital equipment and technical assistance needed for the new business activity.

"With help from ABADE we were able to establish a modern cashmere processing line, a feat not possible before. Now we can export processed cashmere at better prices than raw cashmere," said ABADE PPA partner Mr. Dawod Habibzadah, president of Sudais Saud Pistachio Processing Company.

The ceremony was attended by Mr. Shafiq Ahmad, AISA Regional Manager for Hirat; Mr. Hamidullah Khadem, Director of Hirat Industrial Union; representatives of the governor's office, MoCI's Hirat Economy Department, ACCI and the Hirat Specialists' Council; and Afghan small and medium enterprises.

The company invested in a new power transformer, cooling beds and water tanks. It also paid one-fourth of the cost of the emission control units. Over the last two years, all the equipment was purchased, produced, delivered and installed, and in the last week of this quarter, MSSM started first test runs of 12 mm rolled steel bars. When production reaches its peak, this investment will result in the creation of 250 direct jobs and 100 indirect jobs.

Another high-profile alliance is the one with Arman Ice Cream from Kabul. The alliance has the potential to create 600 new direct commission-based jobs for youth in the sales network and more than 70 full-time jobs in production and administration, as well as to increase the company's sales by at least 30%. Valued at more than \$5 million, the purpose of the project is investing in new equipment to expand the company's overall capacity and begin offering new products and flavors. ABADE has already procured a mixing and heating system as well as aging tanks and production lines that are currently in production in a specialized Chinese factory. ABADE will also fund the transportation of this equipment. Arman Ice Cream is contributing its existing assets and has already completed its first deliverables, which were to prepare the site to house new equipment and to purchase new ice cream and ice pop line freezers, refrigerated trucks, vending pushcarts and cold storage.

The geographic distribution of PPAs under implementation as of the end of FY2015 is shown in Table 4.

Table 4 – Geographic Distribution of Active PPAs at the end of Q2 FY2016

Province	Number of PPAs	ABADE Contribution (USD)	Partner Contribution (USD)	Total Investment
Kabul	64	\$17,934,050	\$126,242,501	\$144,176,551
Hirat	39	\$6,709,463	\$40,178,718	\$46,888,181
Balkh	31	\$6,552,261	\$34,531,091	\$41,083,352
Nangarhar	28	\$4,112,522	\$17,184,535	\$21,297,057
Kandahar	3	\$1,034,182	\$5,643,160	\$6,677,342
Baghlan	1	\$53,183	\$594,871	\$648,054
Jawzjan	1	\$45,000	\$524,340	\$569,340
Total	167	\$36,440,661	\$224,899,216	\$261,339,877

New PPAs

Of the 18 new PPAs formed this quarter, 7 are innovation alliances. This is the largest number of innovation PPAs started in any quarter so far, and is a direct result of the change in the description of this type of alliances in the cooperative agreement modification last year. Three of the PPAs, which have a combined value of \$1.2 million, are in the medical sector (specifically, they are diagnostic centers and labs).

A 2014 report by AISA on Afghanistan's medical diagnostic laboratory requirements recommended large-scale investment in the areas of physical laboratory infrastructure and training of technical personnel (particularly women) to address the issue of doctors referring patients abroad for medical testing. According to the Ministry of Public Health, \$211 million USD was spent on medical and laboratory diagnosis in Afghanistan, which constitutes 19% of out-of-pocket expenditure for all Afghans. In addition, many patients travel to India or Pakistan seeking advanced diagnostic tests to ensure they are treated through evidence-based medicine. These medical tourists spend nearly \$300 million USD per year. However, the majority of their spending comes from travel expenses and lost wages, which can be many months of income. In an effort to meet demand for diagnostic services, ABADE has started several alliances aiming to



Ice pop ready for packaging at Kabul Bahar Dairy

establish diagnostic centers and laboratories across Afghanistan. These would provide greater access to high quality imaging diagnostics locally and at lower prices than abroad, saving Afghans money that could be used toward further treatment or in other areas of the economy.

One of the three alliances is with Global Innovations Consultancy Services (GLICS) to establish the Afghanistan Medical Imaging Center

(AMIC). AMIC will address high demand for, and low availability of, advanced medical imaging services in Afghanistan. In this alliance, ABADE will contribute a 16-slice computerized tomography (CT) scanner, a mammography machine, a Doppler ultrasound machine and accessories for this equipment. In addition to contributing its existing assets, GLICS will invest in site preparation, a magnetic resonance imaging (MRI) machine with accessories, telemedicine equipment, furniture, a security system, IT infrastructure, a generator, trucks, installation and training. The center will be located strategically, next to Shar-e-Naw Park in Kabul City, which is less than 3 kilometers from seven public hospitals and eight private hospitals. AMIC will be capable of providing diagnostic imaging services not only to Kabul patients but also to many provincial clients. It is anticipated to directly benefit 980 patients monthly, or more than 11,000 per year.

One of the remaining four new innovation alliances is in the ICT sector. The partner manufactures computers, tablets and smartphones. The other three partners are in

agribusiness, manufacturing products never before produced in Afghanistan, such as atomized licorice or sesame oil conforming to EU food safety standards.

Table 5 – Geographic Distribution of New PPAs

Province	Number of PPAs	ABADE Contributions	Partner Contributions	Total Investment
Kabul	10	\$4,614,452	\$27,295,808	\$31,910,260
Hirat	4	\$960,967	\$5,660,890	\$6,621,857
Balkh	3	\$1,258,700	\$4,571,461	\$5,830,161
Nangarhar	1	\$250,500	\$777,504	\$1,028,004
Total	18	\$7,084,619	\$38,305,663	\$45,390,282
Percentage contributed		18%	82%	

Annex 1 contains a list of PPAs created this quarter and their profiles.

Component 2: Technical Assistance and Business Advisory Services

After completion of PPA development, Component 2 is responsible for providing technical support and training to PPA partners and other SMEs and for delivering high-value skills training to women. High-value skills are defined as technical skills that will enable women to advance in nontraditional sectors or a gainful trade or occupation that provides flexible work hours and work locations.

Technical Assistance for Sub-Award Recipients and Program Stakeholders, and Demand-Driven Technical Assistance

The Component 2 team continued to provide a functional support system for PPA partners. The system is designed to ensure the sustainability of ABADE's investments. Training and technical assistance was provided, predominantly in the areas of business planning, accounting, health and safety, and hygiene and sanitation.

One of ABADE's most popular courses, double-entry accounting training, was held in Hirat for representatives of 24 SMEs. Due to the effectiveness of this accounting system, the training is often demanded by PPA partners and other SMEs who hear about it from social media or ABADE partners. In this session, 9 PPA partners and 15 other SMEs were trained to record their financial transactions according to double-entry accounting procedures.

A marketing and brand management training course was held for 24 PPA holders in Jalalabad. SMEs in Afghanistan traditionally rely on rudimentary marketing to bring their products and services to consumers. In addition, most Afghan businesses rely on old-fashioned techniques of production and distribution; ideas are replicated without a distinct competitive advantage, and

as a result, a successful brand will not materialize. A number of ABADE PPA partners have been identified to be lacking marketing and branding skills, and this training fills the skills gap.

Equipment Delivered to PPA Partner

ABADE delivered the final pieces of equipment—box folding and gluing machines—to complete a new color packaging printing line in New Mobarak Manufacturing Company in Hirat. The company is a leading manufacturer of tissue paper and Afghanistan's first and only domestic producer of sanitary napkins. Before the investment, to address the cost and design problems, the company had to import retail box packaging. Upon full installation of the new equipment, the company will not only be able to package their products, but they will also have the ability to rapidly change designs to target different Afghan markets and to use new packaging to enhance the demand for their products. The company plans to



Installation of box folding and gluing machine

create approximately 200 direct jobs when their new line becomes fully operational.

ABADE continued providing technical assistance and training on food safety, sanitation and hygiene, reaching 8 food manufacturing companies in Kabul and Jalalabad this quarter. Site inspections and training were conducted by four short-term food safety specialists. The specialists physically inspected facilities and surroundings; took note of operations, processes and practices; and explained food safety guidelines to company managers. Using a checklist, the food safety specialists checked for critical factors such as workers' personal hygiene, pest control, rest rooms and hand washing facilities, equipment cleanliness and maintenance, water supply and employee training. Management and employees were then given training in basic sanitation and hygiene and a set of

recommendations to be implemented before equipment delivery.

As shown in Table 6, in Q2 of FY2016, ABADE trained a total of 49 individuals from 48 SMEs.

Table 6 – Technical Assistance/Training Activities

Training Activity	Province	Start Date	End Date	Total Trainees	Males	Females	SMEs
Double-entry accounting	Hirat	10/1/16	24/1/16	24	16	8	24
Marketing and brand management	Jalalabad	13/3/16	20/3/16	25	24	1	24
Grand Total				49	40	9	48

Gender Issues and Women and Youth in Business

ABADE ensures that women and youth (defined as individuals between 16 and 25 years of age) are provided equitable access to the investment partnerships and technical training offered by the program. ABADE provides two branches of support to these populations: investment partnerships and high-value skills training.

Investment Partnerships

To date, 98 investment partnerships with a total value of over \$75.5 million are responding to gender, youth or pro-poor concerns. PPAs in this category are further classified as woman-owned or managed, having a staff composed of more than 30% women and conducting an activity directed at women or youth. This quarter, 9 new PPAs addressing gender, youth or pro-poor concerns were formed, 8 of which had a staff made up of at least 30% women, and 1 of which is directed at women and youth.

One of them is the alliance with Blue Sonic JV Computer Parts Manufacturing Company, aimed at expansion of computer, tablet and mobile phone assembly lines. This alliance is expected to create jobs for almost 300 women in Hirat. Blue Sonic is an established electronics manufacturer, active in the sector since 1998. The company has established Afghanistan's first assembly line for the production of digital electronic equipment, turning out a range of mobile and personal computing devices. Over the past several years, Blue Sonic has invested heavily in research and development and quality assurance, as well as establishing multiple international licensing and distribution agreements with companies such as Intel, Microsoft and Foxconn. The company now plans to replace the majority of its current offerings with a range of more advanced products, initially targeting the domestic market. It has medium-term plans to export to other countries in the region. ABADE will contribute to this investment with a smartphone production line, solar panels and transportation of these items. Blue Sonic will contribute a new production facility, computer assembly line, laptop bag assembly line and technical assistance.

ABADE committed \$3.9 million to support the projects of the 9 gender and youth-related PPAs this quarter. The partners invested \$21.5 million into existing resources and new equipment (see Table 7).

Table 7 – Q2 Partnerships Addressing Gender, Youth, Pro-Poor Growth and Other Cross-Cutting Issues

Number of PPAs	ABADE Contribution	Partner Contribution	Total Investment
9	\$3,859,969	\$21,456,219	\$25,316,188

High-Value Skills Training for Women

ABADE's high-value skills training is designed to enhance women's employability and prepare them for entry into high-skill employment sectors, some of which have been traditionally dominated by men. In this quarter, ABADE prepared a high-value skills training for technologists in diagnostic imagery, which is expected to be conducted in the following quarter. ABADE selected a training provider that is expected to establish sustainable capacity within Afghanistan for training technicians who will be technically proficient enough to produce diagnostic imagery at a worldwide standard. For this activity, the contractor has trained two trainers in CT and is training 4 trainers in ultrasound and mammography techniques. They will pilot the first round of technician training in each of the disciplines, producing a minimum of 26 medical imagery technicians in the next quarter. The technologists will be able to pass testing and obtain certification from an organization accredited by Joint Commission International (JCI).

Environmental Compliance

ABADE's partners are subject to strict environmental compliance requirements. In the first year of ABADE, an Environmental Manual was developed and approved by USAID. It lays out the procedures for ensuring environmental compliance and use of the Environmental Review Form (ERF), the Environmental Review Report (ERR), the Environmental Mitigation and Monitoring Plan (EMMP) and Environmental Mitigation and Monitoring Reports (EMMR). In this quarter, no ERFs or ERRs have been generated, as application development was completed in the previous quarter. However, environmental monitoring and evaluation is ongoing for 141 PPAs that are in the advanced stage of implementation. EMMRs have been closed out and submitted to USAID for 34 alliances.

Personal protective equipment (PPE) has been procured and delivered for 64 PPAs that require this in their ERF and ERR. The PPE includes standard safety equipment (first aid kits and fire extinguishers) as well as safety glasses, work boots, gloves, respiratory protection and food safety/hygiene equipment. At the time of delivery and throughout environmental monitoring visits, ABADE provides the PPA partners



Mahmood Zada Wood Industry Company employee at work

with training and direction on safe use and maintenance of the equipment.

Jahan Numa Edible Oil Extraction Company in Mazari Sharif received technical assistance from the ABADE environmental compliance team. ABADE assisted with siting and specifications in

Environmental Support to a PPA Partner

One of ABADE's first alliances involves the establishment of a pine nut processing facility in Kabul. As part of the PPA, the protected but harvestable chilgoza pine nut must be shielded from overharvesting. Last quarter ABADE hired two local consultants for forestry and natural resources, linked with the Kabul University, who have by the end of this reporting period completed 80% of the chilgoza pine forest research. The research included a detailed literature review of scholarly journals and books, information gathering from governmental and non-governmental organizations involved in chilgoza restoration as well as surveys of communities located in the chilgoza pine forest region. In addition, four STTA support staff have helped the consultants conduct site surveys in the remote areas of Laghman, Paktya, Paktika and Khost Provinces, which represent the heart of the chilgoza pine forest regions. The research will be used to prepare a training manual on sustainable harvesting and conservation of the pine trees for the PPA partner Agri Food Trade BV & Bozurg Afghan J.V Nut Processing Company. It is expected that a training event with the partner's managers and employees, as well as intermediaries and local organization representatives, will be conducted during the Q3 of FY 2016. For full sustainability, the developed materials will be shared with the Forestry Department at MAIL and with the University in Kabul.

support of constructing a lined septic tank for process and sanitary wastewater. In addition, Jahan Numa has been provided with training on a standard operating procedure (SOP) for the use of sodium hydroxide (NaOH), which is used in operations on-site. The SOP has been translated into the local language (Dari) and disseminated to the partner for use in ongoing training. In order to mitigate insects and pests in the work area, the processing building has been fitted with screened windows, and doors and rodent traps are placed and maintained at key access points to the building and storage areas.

Two additional PPA partners, Waheedullah Kamawal Edible Oil and Kaliwal Soap, located in Nangarhar Province, also use sodium hydroxide in their production of household

detergents and soap. They have also received training on the SOP and hard and soft copies translated into the Pashto language. Both also received training on safe handling of chemicals.

The ABADE environmental engineer in Hirat has assisted several PPAs with construction of hangars, construction of footings for equipment and sealed septic tanks, and other projects. Bahawar Industrial Spinning Company received technical advice from the ABADE engineering team and from an ABADE-contracted wool and cashmere consultant during construction of a

new production hall. Nagin Bahrami Brothers Marble Processing Company received technical assistance in construction of a lined septic tank for storage of process and sanitary wastewater, as the partner was unaware of the design requirements for the work. Sadaf Sard Marble Processing Industrial Company received engineering drawings for equipment footings from a Turkish company, but had no idea how to utilize them. The ABADE engineer assisted in implementing the construction design and conducting quality assurance monitoring following construction.

Component 3: Business Enabling Environment

Activities carried out under this component are designed to improve the business enabling environment for SMEs by identifying key impediments to business and working with stakeholders to remove legal, regulatory, administrative and related barriers to business development. The primary focus of Component 3 is to identify and remove constraints that inhibit the growth prospects of SMEs operating in the priority industry sectors highlighted in the Government of the Islamic Republic of Afghanistan (GIROA) National Private Sector Development Strategy and MoCI's SME Development Strategy.

Supporting Efforts to Implement SME Action Plans

ABADE supports the implementation of MoCI's SME action plans by addressing select priority constraints identified in the action plans and by engaging private sector stakeholders in efforts to remove business development constraints through sectoral working group meetings and other support to MoCI.

Addressing Priority Constraints in the SME Action Plans

During this reporting period, ABADE continued work to address constraints in two of the action plans. For the marble sector, efforts focused on capacity building. For the construction materials sector, the focus is on both capacity building and the introduction of new products and technologies. ABADE also did some capacity building in the carpet sector through support to the ACEMG.



Tak Dana Dry and Fresh Fruit Process Company employees at work

Construction Materials Sector

Training programs are in development for: construction materials testing, cellular lightweight concrete (CLC) and stabilized compressed earth bricks (SCEB), after which local construction companies will start using these advanced materials in their everyday operations. An international senior construction materials consultant was hired to technically assist and oversee the programs, and implementation of the programs has been contracted out to local companies during this reporting period. Curricula are being prepared and collaboration with stakeholders is under way to identify a good pool of participants. The first program is expected to start in April 2016, and the remaining programs will continue to take place over the coming quarters of FY2016.

The trainings will be set up so that the participants receive both theoretical and practical knowledge. The SCEB training provider has purchased a so-called GreenMachine™, a patented, rugged, self-contained hydraulic machine that produces structural, precision-engineered tongue & groove compressed earth blocks, which will be used to provide hands-on practice during the training. For the practical portion of the CLC training, CLC machinery has been ordered from the United States and is on the way to Afghanistan.

Both the SCEB and CLC programs contain two parts. Part one will train 80 individuals (SMEs, students and PPA partners) to learn the principles and practices of CLC and SCEB. Part two will train 10 trainers to continue to provide these training programs in the future.



SCEB production demo using the GreenMachine to prepare for the training

Two investment guides, one for CLC and one for SCEB, have also been drafted. They are under review by the ABADE expert before being published. They will be presented at the next Construction Materials Working Group meeting.

ABADE has also worked this quarter on capacity building in the construction materials laboratory section. Afghan construction materials laboratories require both national and international

certification to remain competitive in the industry. However one of the requirements to be a certified lab by international bodies is to have qualified staff and technicians in the labs. In Q1, ABADE designed a training for laboratory staff and technicians in construction materials. Preparations continued in this quarter. An international expert has been hired to work with a local implementing partner to implement this training in three phases. Phase one is assessment

of existing Kabul-based construction materials labs, phase two is curriculum development and phase three is training delivery. This training will train a minimum of 24 lab technicians and 3 trainers.

Marble Sector

ABADE began implementation of training programs in marble quarrying methods and marble processing to help address two of the priority constraints identified in the Marble Sector Action Plan. Participants in the marble processor training classes will be factory supervisors and workers who operate the machinery and provide day-to-day production for the owners.

Processor training will take place in one or more factories in Kabul. Trainings will include up to 30 students in each class, ensuring all students have sufficient hands-on experience with the equipment. The factory machinery will be used for demonstration and hands-on exercises for the students. The aim of the class will be to teach the group how to plan, set up and operate a factory for maximum efficiency and at the lowest possible cost that doesn't sacrifice safety. The quarry training for the marble sector will also be conducted at one of the quarries in Kabul, with location to be decided based on convenience. The training provider will continue using this site for quarry training. The quarry training course for 30 participants will cover the entire process of quarry operations, and will also focus on the parts of the process that Afghan quarry companies struggle with, such as block trimming and handling. The class will be two weeks in duration, and an experienced quarry engineer will lead at least half of the class sessions.



Carpet weavers at Tabesh Balkhi Carpet Weaving Industrial Company working at ABADE-provided vertical carpet frames

Carpet Sector

The ACEMG is one of the leading carpet associations in Afghanistan. The organization is largely a private organization with some responsibilities to report to MoCI. It is also one of the key members of the Carpet Sector Working Group. ACEMG has been operating for several decades in Afghanistan, but with very limited capacity and services to members. The Office of the President of Afghanistan has recently tasked MoCI to build the capacity of this organization, initially by increasing ACEMG's

Internet presence, so that the organization is available online to both Afghan carpet companies and international carpet customers. MoCI has made its Small and Medium Enterprises Development Directorate (SMED) responsible for the task. As part of ABADE's support to MoCI, ABADE hired a professional web design company to develop the website for ACEMG. The purpose of this website is to make the ACEMG available online and link it to relevant organizations, carpet exhibitions and shows. This is considered to be the first step towards the computerization of the operation of the ACEMG. Work is underway and will be completed during the next reporting period. The website will be developed in three languages (English, Pashto and Dari) and will also have a chat system allowing ACEMG to answer customer questions. Additionally, one ACEMG staff person will be trained to maintain the website.

Engaging Private Sector Stakeholders in Efforts to Remove Business Development Constraints

ABADE's Component 3 continued to facilitate working group (WG) meetings and provide technical support to MoCI's SMED to make sure that the public-private dialogue continues to take place. This quarter, ABADE supported MoCI to hold two working group meetings, one in the women SMEs (WSMEs) sector and one in the marble sector. Particular support provided to MoCI to hold the WG meetings consisted of preparing presentations and agendas, extending invitations to donor organizations, selecting participants for the meeting so that specific goals



ABADE-provided wood boring machine in use at Anush Shams workshop

could be achieved, helping with logistics, and translating.

At the marble sector WG meeting, the new mining law was presented and marble sector traders and representatives from various ministries and agencies provided their inputs to amend the law, as promised by Ministry of Mines and Petroleum (MoMP) senior level management, including the Deputy Minister for Administration and Finance. A senior level management coordination mechanism was proposed, which should be established among various sectoral ministries including MoCI and MoMP.

At the WSME WG meeting, a review of the progress of the WSME Action Plan implementation took place, and there was a presentation of successful business models by women. Two women who are ABADE PPA partners elaborated on how they formed alliances with ABADE and what is needed for a successful business to secure funding, grants, investment partners and support.

The WG meeting was concluded with a question-and-answer session on how women can reach out to Promote: Women in the Economy (WIE), and how they can benefit from this program.

3.2 Planned Activities for the Next Reporting Period

The following specific activities will be undertaken in the next quarter of FY 2016.

ABADE's focus will be directed toward the completion and close-out of PPAs in Kabul, the regional offices in Hirat and Mazari Sharif and the satellite office in Jalalabad.

Component 2 will organize training courses for PPA partners and other interested SMEs. The course topics will include public relations and high-value skills training in diagnostic imaging.

ABADE will organize PPA completion ceremonies in Kabul and Mazari Sharif to recognize the contribution of PPA partners to the economy of Afghanistan. Provincial GIRoA and USAID representatives are also expected to attend the ceremonies and deliver their remarks.

Component 3 will continue implementing the five training programs initiated in the reporting quarter to help address two of the priority constraints identified in the Construction Materials Action Plan and the Marble Sector Action Plan.

Component 3 will continue to support the MoCI to hold WG meetings and conferences, as these have proven to be good tools for: identifying bottlenecks; making decisions on action plan implementation, and reviewing progress in addressing the prioritized constraints; coordinating among the private sector, governmental agencies and donor community; sharing information; and providing opportunities for the private sector to raise their voice and lay their problems in front of high-ranking government officials (which is not possible otherwise).

Equipment Delivered to Alliance Partner

On March 8, 2016, ABADE delivered two double-head film blowing machines to Gohar Sadaf Plastic Production Company in Hirat. This addition complements the plastic recycling and pelletizing machinery Gohar Sadaf has already procured as part of this joint investment, and the plastic bag sealing and cutting machines that will expand the output of their current production. The company has already hired 35 new workers and increased their sales manifold.



Gohar Sadaf employees testing newly delivered ABADE equipment

Component 3 will also support MoCI in organizing two national conferences: the Construction Materials National Conference and the Gemstone and Jewelry National Conference. The conferences will disseminate the ideas in the action plans and win wider stakeholder commitment to overcoming identified constraints.

4 Lessons Learned

Crucial lessons were learned as ABADE focused its efforts on developing partnerships with mid-sized enterprises, implementing PPAs, closing out completed investments and addressing the top priority constraints identified in MoCI's sector action plans. Lessons learned include the following.

The cost of offloading equipment from the shipper, which was not previously identified as an item of expense, is now included in the shipping cost. This expense was not included in either the partner's or ABADE's contribution. Depending on the size of the machinery, offloading costs can be significant, and the receivers (PPA partners) complained about this unbudgeted expense.

PPAs encourage businesses to adopt new technologies as a means of increasing productivity and efficiency. A major cause of delay in the procurement of equipment for partners was selecting the appropriate machinery for the project. The selection of equipment is done jointly by the PPA partner and the ABADE PPA specialist, and ABADE will not start procurement without the partner's agreement. In many instances, however, the partner changes his or her preference and asks for the type of machinery or specifications to be changed mid-course. If partners stand firm on the new preference, ABADE has to start the lengthy process of procurement all over again. As a mechanism for reducing this occurrence, PPA teams conducted regular meetings with partners to facilitate better understanding of the processes involved in procurement. Regular communication also assures PPA partners that their concerns are being addressed and makes them aware that some processes take time to complete and crucial changes in equipment will result in long delays.



Vitamin syrup bottling line at Sun Pharma

Recognizing the importance of engaging stakeholders in action plan development and implementation, ABADE has consistently followed an approach that involves substantial participation from private sector stakeholders. This bottom-up approach provides a means of identifying business constraints and opportunities from the perspective of the SMEs that deal

with these challenges on a day-to-day basis. Furthermore, providing opportunities for private sector stakeholders to present their problems and ideas to government decision makers through formal channels such as business roundtables, working groups, task force meetings and other consultative sessions helps create a cooperative environment that enables private sector leaders and government officials to work together more effectively to solve problems and promote SME development.

Coordinating inputs from a diverse array of stakeholders to implement action plans requires time and effort to identify stakeholders willing and able to help develop solutions to the priority problems included in the action plans, develop cooperative working relationships and maintain these relationships long enough to achieve observable progress in accomplishing action plan objectives. During the course of ABADE's work with MoCI and industry stakeholders to develop and implement the sector action plans, it has become obvious that improving communication among stakeholders is a key requirement for improving coordination and cooperation. Frequent face-to-face meetings and effective electronic communications are essential. Consequently, a continuing priority will be placed on supporting efforts by the MoCI and the various industry working groups to conduct working group and task force meetings on a regular basis and supplement these meetings with regular reporting of results using online channels such as ABADE.org and AfghanEnterprise.com.

5 Collaboration

The success of ABADE's work in developing and implementing PPA alliances and supporting MoCI in implementing their SME development strategy depends on strong collaboration with different government ministries, development organizations and implementing partners—including stakeholder groups at the national and regional levels. In implementing and closing PPA alliances, the regional centers of Hirat, Mazari Sharif and Jalalabad closely collaborated with the regional offices of MoCI, the Ministry of Women's Affairs (MoWA) and AISA, the Office of the Governor, the provincial Department of Economy, chambers of commerce, industrial unions and financial institutions, including USAID implementing partners and other donor-funded projects operating at the regional level.

Tables 9–11 show ABADE's formal collaboration activities with government ministries, other development organizations and USAID implementing partners.

5.1 Links with Relevant GIRoA Ministries

Table 8 – Collaboration with GIRoA Ministries

Collaboration Activity	Date	Organization	Key Highlights
Marble sector working group meeting	February 16, 2016	MoMP, MoCI and ABADE	The purpose of the working group meeting was to review the progress and status of Marble Sector Action Plan implementation and review the existing import/export tax structure and royalty rates imposed.
Potential support to Gemstone Sector National Conference	February 28, 2016	MoCI, MoMP	In addition to regular meetings, the first inter-ministerial meeting between MoCI and MoMP was held to track recent progress on the regulatory and licensing process for the gemstone sector and investors.
Inter-ministerial policy-level coordination meeting	March 9, 2016	MoF, MoMP, MoCI, MoEW, MoE, AMA	Senior ministry officials met for this inter-ministerial coordination meeting. Its purpose was to help reduce bureaucracy at lower levels of government, thus allowing the private sector to more freely, easily and frequently share concerns with key decisions makers.
Women in Business working group meeting	March 30, 2016	MOCI, AISA, MoWA, WIE	<ul style="list-style-type: none"> • Review of the progress of WSME Action Plan implementation • Presentation of successful business models by women, including two women who are ABADE PPA partners • A question-and-answer session about connecting with WIE and what WIE can offer
Coordination meeting for PPA completion ceremony	January 31, 2016	MoE	ABADE West participated in meeting with Hirat Economy Department. The aim of the meeting was to discuss and plan for the PPA completion ceremony of February 15, 2016.
First local-funded marketing graduation ceremony	February 9, 2016	Industrial Union	ABADE West attended the graduation ceremony of the woman-led educational association Shokoh Educational Institute, which is facilitating marketing for private entrepreneurships in Hirat. The ceremony was held in collaboration with the Hirat industrial union. Governmental and non-governmental entities participated. According to the head of the Hirat industrial union, Mr. Khadem, this was the first training held without the support of international organizations.

Collaboration Activity	Date	Organization	Key Highlights
Provincial Development Committee (PDC) monthly meeting	January 6, 2016	Provincial Governor Office	The agenda of the meeting was discussing ongoing development projects, especially in the infrastructure sector. The ABADE RM briefed the group on the ABADE program during the question-and-answer session. The chairman requested that ABADE facilitate a collective tour for committee members to visit each site. The issue of the energy source for the Jade Glass Company was also raised. The chairman has promised that this issue will be solved in the near future because the MoMP is working on a policy to fix a specific rate for companies that need gas. Extension of gas from Sheberghan to Mazari Sharif is also in progress.
Collaboration meeting with Director of Commerce and Industries	January 26, 2016	MoCI	ABADE provided program updates and there was a discussion of the scheduled PPA completion ceremony. The director, Mr. Sher Ahmad, assured ABADE of his full support for ABADE programs in the north and will attend the event.
Collaboration meeting with Director of AISA	February 7, 2016	AISA	ABADE provided program updates and there was a discussion of the scheduled PPA completion ceremony. The director, Mr. Sediq Muradi, assured ABADE of his full support for ABADE programs in the north and will attend the event.
Collaboration meeting with Chairman of chamber of commerce in Mazari Sharif	February 7, 2016	Balkh Chamber of Commerce and Industry (BCCI)	ABADE provided program updates and there was a discussion of the scheduled PPA completion ceremony. Mr. Nasir Qasimi, Regional Manager of BCCI, assured ABADE of his full support for ABADE programs in the north and will attend the event.
Collaboration meeting with Director of Economy	February 17, 2016	Economy Department	ABADE provided program updates and there was a discussion of the scheduled PPA completion ceremony. The director, Mr. Abdul Rahman, assured ABADE of his full support for ABADE programs in the north and will attend the event.
Collaboration meeting with Director of Sector Service Department in the provincial governor's office	February 25, 2016	Provincial governor's office	ABADE provided program updates and there was a discussion of the scheduled PPA completion ceremony. The director, Mr. Zabiullah Akhtary, assured ABADE of his full support for ABADE programs and requested that ABADE conduct the planned event in the conference hall of the governor's office.

Collaboration Activity	Date	Organization	Key Highlights
ABADE activity updates to Afghanistan Industrial Union	February 2016	Afghanistan Industrial Union	The ABADE COP met with Mr. Abdul Rahim Faizan, Vice President of the Afghanistan Industrial Union and Industrial Deputy Director of the Board of Entrepreneurs of the Ministry of Commerce, to discuss progress of ABADE activities.

5.2 Links with Other Donor Agencies

Table 9 – Collaboration with Other Donor Agencies

Collaboration Activity	Date	Organization	Key Highlights
International Stakeholders Forum in Support of Sub-National Priorities	February 3, 2016	United Nations Assistance Mission in Afghanistan (UNAMA)	ABADE West participated in the International Stakeholders Forum in Support of Sub-National Priorities in Hirat, which was conducted jointly by the Hirat governor's office and UNAMA. The aims were to: review program delivery in 2015 in Hirat, present the 2016 priorities in Hirat, facilitate a platform for Hirat-based international stakeholders, and identify funds and programs to inform and realign assistance behind local needs and priorities.
First graduation ceremony of Education for Employability course	March 1, 2016	German consulate in the north and BCCI	The ABADE RM attended the first graduation ceremony of the Education for Employability course, supported by the German consulate in coordination with BCCI. A total of 120 youth, both male and female, attended the one month management course. BCCI has asked the business community and private companies to help employ the new graduates in their companies.
Familiarization with the World Bank funded Sustainable Development of Natural Resources Project II (SDNRP II)	January 26, 2016	SDNRP II, GIZ-IS	The ABADE COP met with Robin Grayson (GIZ-IS), the Team Leader of the Artisanal and Small-Scale Mining Project, World Bank SDNRP II and was briefed on the World Bank-funded project's progress and activities in the gemstone sector. One item discussed was a recent initiative by the Minister of MoMP to regulate artisanal mining and a proposal to construct a commodity exchange (bourse) in Kabul, initially for lapis and later for other raw precious and semi-precious stones.

Establishing a bourse (commodity exchange, initially for lapis) in Kabul	February 2016	SDNRP II, GIZ-IS	The ABADE COP met with Robin Grayson to discuss MoMP initiatives in the gemstones sector and MoMP's recent focus on lapis mining and processing, as well as the proposed initiative to establish a bourse for lapis in Kabul.
Updates on MoMP activities in the gemstone sector	March 23, 2016	SDNRP II, GIZ-IS	The ABADE COP met with Robin Grayson to receive an update of MoMP activities in artisanal mining.

5.3 Links with Other USAID Projects and Other Organizations

Table 10 – Collaboration with Implementing Partners and Other Organizations

Collaboration Activity	Date	Organization	Key Highlights
Keeping the public, private and donor dialogue live	March 17	MOCI and Peace through Business	ABADE attended the Peace through Business women's graduation event at MoCI. The purpose of attendance was to keep the public, private and donor dialogue alive. Thirty business women have recently completed a 10-week business course, and this was an opportunity for them to meet high-ranking government officials, like the Deputy Minister of MoCI, and donor organizations. The event provided an opportunity to ask questions, network and get connected to resource holders—particularly valuable for women who are not well connected.
Business-Enabling Environment Day	February 11 and 18	USAID, World Bank – IFS office	Component 3 attended three meetings at USAID and the World Bank with the Head of USAID's Office of Economic Growth (OEG). The OEG wanted MoCI, AISA, ACCI and the Ministry of Finance to come up with few short-term and long-term priorities that could be implemented by GiROA, USAID and implementing partners. Component 3 has worked with all the above departments to prepare them beforehand for the meetings and coordinate agenda items, dates and times.

Collaboration Activity	Date	Organization	Key Highlights
Promote Program announcement on the occasion of International Women's Day	March 8, 2016	USAID/Promote	ABADE West participated in the USAID/Promote event, which was held to announce its programs on the occasion of International Women's Day. ABADE West was asked to deliver a speech on the role of women in the private sector. The ABADE representative introduced ABADE and discussed the private sector's essential role in good governance and how women can participate in the private sector to increase the gross domestic product and job creation.
Preparation for the WSME WG meeting	March 2, 2016	WIE	ABADE worked with MoCI to identify participants for the WG meeting and worked with WIE to prepare a presentation on how women in business can access WIE support.
Communication and coordination meeting	March 30, 2016	USAID/SUPPORT II	ABADE West participated in this meeting and a capacity building workshop at Hirat University through SUPPORT II partner Checchi. About 30 participants from U.S. implementation partners and the UN attended. The workshop focused on communications issues such as procedures and principles for press releases, success stories and photography.
Filming of ABADE partners in Kandahar	March 2016	SUPPORT-II	ABADE held a meeting with the SUPPORT-II project to coordinate filming of PPAs in Kandahar for the DOC office. The SUPPORT-II videography team was scheduled to visit three ABADE PPAs March 8–15, 2016.
Women SMEs introduction	March 21, 2016	Promote: Musharikat Jalalabad	This meeting provided women-owned businesses with information and helped Musharikat and ABADE identify potential women SMEs in Jalalabad.
Exchange of SMEs information	February 15, 2016	Promote: WIE Jalalabad	This meeting provided contact information for SMEs and introduced female SMEs to WIE.
Exchange of information about ABADE Jalalabad	January 13, 2016	Directorate of women Jalalabad	This meeting focused on sharing information about women SMEs supported by ABADE in the eastern region.
Internship-related information	January 28, 2016	Promote: WIE Jalalabad	ABADE provided WIE with lists of SMEs for WIE's internship program and suggested some potential PPAs for the internship program.

Collaboration Activity	Date	Organization	Key Highlights
Balkh Province business agenda launch event	January 13, 2016	USAID, Center for International Private Enterprise (CIPE) and ACCI	The business agenda was prepared with technical support from the Center for International Private Enterprise (CIPE), funded by USAID. The agenda is based on assessment of business communities in Balkh, Samangan and Jawzjan Provinces. It highlights challenges and solutions and identifies a group of 18 companies in different sectors who will work with local government to implement the business agenda. The Balkh governor's representative, Mr. Sarwari, has committed to provide full support and help the business communities implement the agenda.

6 Management and Administrative Issues

In January 2016, ABADE received a six-month, no-cost extension, changing the end date of the program to April 15, 2017.

The ABADE Operations and Finance team supported by USAID managed to obtain AISA license in timely manner, valid for one year, until February 2017.

Contract between IESC/ABADE Afghan Public Protection Force (APPF) has been approved by USAID on January 26, 2016 and the new contract was signed in early February 2016 and is valid for one year.

6.1 Personnel

Expatriate Staff

During the reporting period two changes in expatriate staffing occurred. Mr. Donagh Houlihan joined ABADE as Program Technical Advisor in late January 2016 while Mr. Geremie Hopkins, ABADE Senior Technical Advisor, left the program in late March 2015. Mr. Hopkins' day to day duties and responsibilities are now shared among several other ABADE employees and he will provide short term consultancy if and when needed. Mr. Houlihan will take responsibility of managing ABADE international procurement team and Mr. Miroslav Levanic will provide support related to international procurement.

National Staff

During Q2 of FY2016, the ABADE program was again affected by the special immigrant visa program for Afghans who were employed by or on behalf of the U.S. government. In addition to three ABADE employees who resigned from the program in Q1 of FY2016, one more ABADE employee, Mr. Hedayatullah Samizada, left the program in February 2016. ABADE announced the vacancy and has hired a replacement, Mr. Mohammad Qahir. He joined ABADE in the last week of March 2016.

In February 2016, ABADE International Procurement Specialist Mr. Shams-ul-Hoda separated from ABADE. Due to a number of pending PPA procurements, ABADE announced the vacancy and decided to offer the position to an existing ABADE employee, Mr. Haseebullah Jabarkhail. A replacement for Mr. Jabarkhail's previous position is being recruited.

On January 2, 2016, ABADE was joined by the new Deputy Regional Manager West, Mr. Wahid Ahadi. Mr Ahadi has more than five years of experience with different projects financed by the U.S. government.

During this reporting period, ABADE changed the status of six short-term employees to make them long-term employees. Mr. Omid Kaihan, Mr. Aminullah Farahi, Mr. Mir Abdul Hakim, Mr. Ahmad Jawid Nazimi, Mr. Zabiullah Issa and Mr. Sahabuddin Sabah joined ABADE as Implementation Coordinators in Kabul and other regions.

In March 2016, ABADE M&E Coordinator Ms. Elham Ayaz started maternity leave. She is replaced by a short-term employee, Ms. Fatima Murchal.

7 Success Stories

During this quarter, no ABADE success story were published on the USAID website.

The following eight success stories were submitted to USAID and have not yet been published, along with more stories that were submitted in the previous quarters:

- Season Honey
- Roya e Geti Salon
- Najeeba Soap
- Mazatoo Food Production
- Kabul Mosaic
- Heray Plastic
- Etamad Handicraft
- Atlas Furniture

8 Annexes

Annex 1: New PPAs in Q2 of FY2016

Table 11 – PPAs Signed in Q2, FY2016

PPA Number	Activity	Organization	Province
PPA-A281	Expansion of Telecom Engineering Firm	First Option Engineering Co	Kabul
PPA-A286	Production of ACSR Cables	Rana Afghan Micro Hydro Power Turbines Industrial Company	Nangarhar
PPA-A287	Carpet and Rugs Production Expansion	Afghan Bazar Carpet Weaving Industrial Company	Balkh
PPA-A288	Carpet Production Expansion	Kazimi Allah Dad Rug Production Company	Kabul
PPA-A289	Mobile Electronic Payment System	Orange Pay Services Company	Kabul
PPA-A290	Aluminium Goods Manufacturer Expansion	Khawjah Abdullah Ansari Aluminum Utensil Industrial Production Company	Hirat
PPA-A291	Expansion of Raisin Producer	Gold Star Sharq Ltd.	Kabul
PPA-A292	Construction Materials Testing Laboratory Expansion	Shawal Construction and Geo Technical Company	Kabul
PPA-A293	Paper Recycling	Bagrami Boxing Company B.B.C	Kabul
PPA-A294	Shampoo, Hand and Dish Washing Liquid Production	Avisonpharma Medicine Manufacturing Company	Hirat
PPA-A296	Micro-hydro Turbine Components Production	Towfiq Amini Hydropower Turbines Manufacturing Company	Hirat
PPA-B030	Producing Disposable Egg Tray Box	Afghan Protein Laying Hen Raising Farm	Hirat
PPA-B031	Licorice Root Drying and Extraction	Aria Afghan Licorice Packaging Company	Balkh
PPA-B032	Computer, Tablet and Mobile Phone Assembly	Blue Sonic JV Computer Parts Manufacturing Company	Kabul
PPA-B033	Diagnostic Imaging Center	Global Innovations Consultancy Services	Kabul
PPA-B034	Sesame Oil Production	Afghan Swiss Foods	Balkh
PPA-B035	Pathology Lab Establishment	Arif Azim Logistic Services Company	Kabul
PPA-B036	Establishment of Diagnostic Network	Keystone Consulting Services	Kabul

Profiles of PPAs Signed in Quarter 2, FY2016

1. Expansion of Telecom Engineering Firm – First Option Engineering Co (PPA-A281)

First Option Engineering Company (First Option) is a telecommunications services company established in Kabul in 2008 to provide installation, commissioning and maintenance of equipment, radio frequency (RF) planning and optimization, and site audits and surveys. Due to limitations in technical capacity, First Option currently subcontracts elements of its projects to foreign firms. The company is investing in equipment upgrades to enable the provision of more comprehensive professional services without reliance on outside contractors. ABADE is contributing a signal source analyzer, an interference and direction analyzer, an optical time-domain reflectometer and testing tools. First Option is committing all of its existing capital items and purchasing a Fujikura 80S splicing machine, two RF site analyzers and accessories and two JDSU fiber inspection and cleaning tools. The investment will create 111 direct jobs.

2. Production of ACSR Cables – Rana Afghan Micro Hydro Power Turbines Industrial Company (PPA-A286)

Rana Afghan Micro Hydro Power Turbines Industrial Company (Rana Afghan) is a Jalalabad-based, AISA-registered producer of aluminum conductor steel-reinforced (ACSR) power cables. The company is expanding its business to begin production of PVC coated cables as well as increase the volume and size range of its uncoated cable production. ABADE is contributing a wire stranding machine, an extrusion wire coating machine, a cable laying up machine, a PVC wire coating machine and associated transportation costs. Rana Afghan is committing all of its existing capital items and contributing land, the construction of a new production facility and furnace plant, and installation costs for all new equipment. Rana Afghan will also be responsible for hiring and training all new staff. The investment will create 109 direct jobs and 5 indirect jobs.

3. Carpet and Rugs Production Expansion – Afghan Bazar Carpet Weaving Industrial Company (PPA-A287)

Afghan Bazar Industrial Carpet Weaving Company (Afghan Bazar) has been producing carpets and kilims for more than 60 years. In spite of established client relationships and strong demand, Afghan Bazar risks losing key contracts due to delayed order fulfillment. The company is investing in equipment to increase production and improve quality. ABADE is contributing a spinning line, metal looms, a multi-function carpet brushing and cleaning machine, a dust cleaner, an ironing machine and equipment transportation costs. Afghan Bazar is committing all of its existing assets and investing in equipment installation and the construction of two hangars and a room for dust cleaning. Afghan Bazar will hire and train all new staff and manage all

aspects of the expanded business. The investment will create 197 direct jobs and 15 indirect jobs.

4. Carpet Production Expansion – Kazimi Allah Dad Rug Production Company (PPA-A288)

Active since 1999, Kazimi Allah Dad Rug Production Company (Kazimi Allah Dad) is a Kabul-based carpet company that produces and sells handmade semi-finished carpets to local traders who finish (cut and wash) the carpets and export them to Germany, Turkey, Italy, China and Pakistan. To meet strong international demand for Afghan carpets, and ensure timely delivery and improved quality control, the company plans to establish a centralized production facility. It is proposed that ABADE contribute 250 carpet looms of various sizes, 500 wool yarn spinning wheels and 100 solar panels with accessories. Kazimi Allah Dad will commit its existing assets, two computers and two printers, six heaters for the workers, new production hangars, an office, a truck, office furniture and wool yarn spinning training. The resulting business expansion will create 1,611 direct FTE jobs.

5. Mobile Electronic Payment System – Orange Pay Services Company (PPA-A289)

Orange Pay Services Company (Orange Pay) is an electronic payment system (EPS) outfit currently working with mobile phone operators to provide electronic phone service top-ups as an alternative to scratch cards. EPSs, used extensively across the rest of Central Asia and Europe, allow locally based phone companies to eliminate the high cost of producing or importing scratch cards. At present, Orange Pay purchases phone credit from several mobile network providers in bulk at a discount, then sells individual credits through its network of distributors. The company's Java-driven point-of-sale terminal was designed in house and works with most basic mobile telephones. Under this PPA, Orange Pay plans to expand its network of distributors from 300 to 700 and to install 86 indoor and outdoor self-service kiosks in hospitals, universities and other public places.

6. Aluminum Goods Manufacturer Expansion – Khawjah Abdullah Ansari Aluminum Utensil Industrial Production Company (PPA-A290)

Established in 2003, Khawjah Abdullah Ansari Aluminum Utensil Industrial Production Company (Ansari Aluminum) is a Hirat-based, AISA-registered manufacturer of aluminum kitchen items such as pressure cookers, rice cookers and kitchen utensils. Due to strong demand, the company seeks to expand into the production of aluminum profiles for doors and windows, providing a domestic alternative to imported products. The expansion will enable the company to hire 234 new full-time staff to augment its current staff of 206. It is proposed that ABADE contribute an aluminum extrusion line, part of the cost of an aluminum melting and casting line, and transportation costs for these items. Ansari Aluminum will commit all its existing capital items and pay for a generator, two buses, two trucks, a forklift, a liquefied petroleum gas storage tank,

molds/dies for aluminum products, an electrostatic powder coating line and equipment installation. Ansari Aluminum will also be responsible for hiring and training new staff and managing all aspects of the expanded business, including administration, finance, production and operations, sales and marketing.

7. Expansion of Raisin Producer – Gold Star Sharq Ltd. (PPA-A291)

Gold Star Sharq Ltd. (Gold Star) is a Kabul-based dried fruit and nut processor established in 2003. It exports raisins, almonds and dried apricots to customers in Europe, Russia and the UAE. Currently, the company operates an outdated processing line. It plans to improve the quality and quantity of its production by investing in a modern processing facility. It is proposed that ABADE contribute an integrated raisin processing line and fund its transportation. In addition to contributing current assets, Gold Star will invest in a bus, sorting machine, technical assistance and installation. The proposed investment will result in 105 new direct jobs and will more than triple the company's net income.

8. Construction Materials Testing Laboratory Expansion – Shawal Construction and Geo Technical Company (PPA-A292)

Shawal Construction and Geo Technical Company (Shawal Construction) is a Kabul-based construction materials testing company, registered with AISA in 2009. The company provides testing services for steel, cement, concrete, stone, bricks, aggregate, bitumen, asphalt and soil. It also provides geotechnical investigation. Currently, there are no laboratories in Afghanistan offering testing services for polyvinyl chloride (PVC) pipe. With anticipated increases in construction activity in Afghanistan (particularly U.S. Army Corps of Engineers contracts), Shawal Construction seeks to expand its services to PVC pipe testing and technical laboratory training. The expansion will create 87 new full-time jobs and benefit 540 construction industry staff per year through technical training. It is proposed that ABADE contribute the majority of the cost for the PVC pipe testing equipment, to be procured locally. Shawal Construction will commit all its existing capital items and contribute the remaining cost for the PVC pipe testing equipment. It will also provide set-up and technical training.

9. Paper Recycling – Bagrami Boxing Company B.B.C (PPA-A293)

Established in 2009, Bagrami Boxing Company B.B.C. (Bagrami Box) is a Kabul-based, AISA-registered producer of cardboard and corrugated cardboard boxes constructed from imported paper rolls. The company employs 31 staff. Bagrami Box seeks to reduce its dependence on imported paper by investing in recycling and production equipment that will enable it to use local recycled waste paper to produce its own Kraft paper for use in box production. Bagrami Box also intends to procure additional equipment to increase box production and begin producing cardboard beverage trays. It is proposed that ABADE contribute part of the cost of

the Kraft paper production line, purchase a water recycling system and various tools and accessories, and pay the transportation costs for the equipment. Bagrami Box will commit all its existing capital items and invest in a new production facility, a tray and box production line, printing equipment, a forklift, equipment installation, technical training and the majority of the cost of the Kraft paper production line. Bagrami Box will also be responsible for hiring and training new staff and managing all aspects of the expanded business, including finance, administration, production and operations, sales and marketing.

10. Shampoo and Handwashing and Dishwashing Liquid Production – Avisonpharma Medicine Manufacturing Company (PPA-A294)

Avison Pharma Medicine Manufacturing Company (Avisonpharma) is a Hirat-based, AISA-registered manufacturer of medicinal and hygienic products, started in 2004. The company employs 64 staff engaged in production and sales of non-prescription medicines and creams to local and national resellers. Due to demand for hygiene products, Avisonpharma seeks to invest in production equipment that will enable it to diversify its product range to include shampoo and hand washing and dishwashing liquids. To reduce packaging costs and diversify its business further, the company will also invest in equipment to manufacture its own polyethylene terephthalate (PET) bottles and lids. The packaging will be used for Avisonpharma's full product range (existing and new products), and the company will also sell the bottles and lids to other companies in Hirat. The expansion of Avisonpharma's business will create 120 new full-time jobs. It is proposed that ABADE contribute a fully automatic filling line, a PET bottle blower, an automatic plastic bottle mold blowing machine, an injection molding machine for plastic caps, a shrink-packing machine, an air compressor and associated equipment transportation costs. Avisonpharma will commit all of its existing capital items to this investment, and make additional investments in construction of a new laboratory and 500 square meter hangar for raw materials and finished products, plastic bottle and cap molds, a 200kW generator and installation and technical training costs.

11. Micro-hydro Turbine Components Production – Towfiq Amini Hydropower Turbines Manufacturing Company (PPA-A296)

Towfiq Amini Hydropower Turbines Manufacturing Company (Towfiq Amini) is a Hirat-based, AISA-registered manufacturer of micro-hydropower system components and an implementer of micro-hydropower projects. The company was founded in 2005 and currently employs 33 staff. Due to strong market demand, Towfiq Amini seeks to invest in equipment upgrades to increase its production volume while improving quality and adding two new products. As a result, it will hire an additional 39 full-time employees. It is proposed that ABADE contribute a hydraulic guillotine shearing machine, a lathe and transportation costs for the equipment. Towfiq Amini will commit all its existing capital items and invest in reconstruction of its existing hangar and

installation of the new equipment. Towfiq Amini will also be responsible for hiring and training new staff and managing all aspects of the expanded business, including administration, finance, operations, sales and marketing.

12. Producing Disposable Egg Tray Box – Afghan Protein Laying Hen Raising Farm (PPA-B030)

Afghan Protein Laying Hen Raising Farm (Afghan Protein) is one of Afghanistan's largest egg producers. To reduce production costs, Afghan Protein is investing in a PET container production line that will allow it to make its own PET egg trays and also sell PET egg trays, cups and other containers to other businesses. ABADE is contributing a PET automatic vacuum forming machine (with cutting machine and three types of molds) and associated equipment transportation costs. Afghan Protein is committing all of its existing assets and investing in two vehicles, a forklift and equipment installation. Afghan Protein will also be responsible for hiring and training new staff and for managing all aspects of the expanded business, including administration, finance, operations, sales and marketing. The investment will create 75 direct jobs.

13. Licorice Root Drying and Extraction – Aria Afghan Licorice Packaging Company (PPA-B031)

Aria Afghan Licorice Packaging Company (Aria Afghan) is a Mazari Sharif-based company experiencing growing demand for its products. The company is expanding its production facilities to meet this demand and to add licorice extraction capabilities for the production and export of Glabridin, a licorice-derived compound used in cosmetics. ABADE is contributing a root drying plant, a batch dynamic extraction plant, laboratory equipment and associated transportation costs. Aria Afghan is committing all of its existing assets and investing in training, analytical equipment for Glabridin extraction and installation of the new equipment. Aria Afghan will be responsible for hiring and training all new staff and for managing all aspects of the expanded business, including administration, finance, production operations, sales and marketing. This investment will create 304 direct jobs.

14. Computer, Tablet, and Mobile Phone Assembly – Blue Sonic JV Computer Parts Manufacturing Company (PPA-B032)

Blue Sonic JV Computer Parts Manufacturing Company (Blue Sonic) is an established Kabul-based electronics manufacturer, active in the sector since 1998. The company has established Afghanistan's first assembly line for the production of digital electronic equipment, turning out a range of mobile and personal computing devices. Over the past several years, Blue Sonic has invested heavily in research and development and quality assurance, as well as establishing multiple international licensing and distribution agreements with companies such as Intel, Microsoft and Foxconn. The company now plans to replace the majority of its current offerings

with a range of more advanced products, initially targeting the domestic market, and with medium-term plans to export to other countries in the region. ABADE will contribute to this investment with a smartphone production line, solar panels and transportation of these items. Blue Sonic will contribute a new production facility, computer assembly line, a laptop bag assembly line and technical assistance.

15. Diagnostic Imaging Center – Global Innovations Consultancy Services (PPA-B033)

Global Innovations Consultancy Services (GLICS) was established by a group of doctors in 2014 to provide quality healthcare services to the people of Afghanistan through research, training and accreditation. GLICS plans to establish the Afghanistan Medical Imaging Center (AMIC) to address high demand for, and low availability of, advanced medical imaging services in Afghanistan. GLICS will prioritize quality in every aspect of its business, with modern equipment, highly trained technicians, and a global network of specialists reviewing imaging reports. AMIC will be founded and managed by GLICS with the cooperation of Aschkan Management Consultancy Services, a franchisee of AlemHealth. Aschkan will provide technical assistance on a commission basis. It is proposed that ABADE contribute a 16-slice CT scanner, a mammography machine, a Doppler ultrasound machine, and accessories for this equipment. In addition to contributing its existing assets, GLICS will invest in site preparation, an MRI machine with accessories, telemedicine equipment, furniture, a security system, IT infrastructure, a generator, trucks, and installation and training. The center will be located strategically, next to Shar-e-Naw Park in Kabul City, which is less than 3 kilometers from seven public hospitals and eight private hospitals. AMIC will be capable of providing diagnostic imaging services not only to Kabul patients but also to many provincial clients. It is anticipated to directly benefit 980 patients monthly.

16. Sesame Oil Production – Afghan Swiss Foods (PPA-B034)

Afghan Swiss Food Company (Afghan Swiss) is a new joint venture between Afghan entrepreneurs and NOMADES Swiss Sarl. Through an investment in modern equipment the company plans to establish a state-of-the-art sesame processing and packaging operation conforming to EU food safety standards. It is proposed that ABADE contribute an oil screw press, filtering tanks, a filling machine and equipment transportation costs. Afghan Swiss will contribute existing land and facilities as well as trucks, office equipment, a diesel generator, technical assistance and acquisition of necessary EU food safety certifications. NOMADES Swiss Sarl will contribute a de-stoner and cleaner, a roaster and an edible oil pump.

17. Pathology Lab Establishment – Arif Azim Logistic Services Company (PPA-B035)

Arif Azim Logistic Services Company (Arif Azim) is a Kabul-based telecommunications services company currently wholesaling cellular phone services to more than 6,000 retailers in 34

provinces of Afghanistan. The company has been forming joint ventures with local and international companies to develop advanced distribution methodologies and implement complex projects in the telecommunications industry. With this investment Arif Azim intends to leverage its expertise in logistics to create, with the assistance of Star Imaging and Pathology (Star Imaging) of India, Afghanistan's first modern, robust, distributed pathology laboratory. Arif Azim will contribute a sperm quality analyzer, an erythrocyte sedimentation rate (ESR) analyzer, various pieces of laboratory equipment, equipment for new sample collection centers, generators, ambulances, and land and construction costs. It is proposed that ABADE contribute a variety of pathology lab equipment and transportation for this equipment.

18. Establishment of Diagnostic Network – Keystone Consulting Services (KCS) (PPA-B036)

Keystone Consulting Services (KCS) is a private company registered with AISA in 2011 to provide training in laboratory operations, management, business development and communications. In order to expand its reach and capacity, KCS seeks to start a joint venture with AsiaMed Laboratory, a medical diagnostic services provider in Hirat. The joint venture will establish a chain of medical diagnostic centers around the country, including a main regional diagnostic center in Kabul and three regional centers in Nangarhar, Balkh and Kandahar provinces. The regional laboratories will support 16 provincial laboratories. The joint venture then intends to add 45 district laboratories within the first year of operation. District laboratories will have basic testing capabilities, but will be used mainly as collection facilities. Laboratories will be linked online by an information management database developed and operated by KCS and AsiaMed. This investment will create 214 new direct jobs throughout Afghanistan. It is proposed that ABADE contribute diagnostic laboratory equipment for the regional, provincial and district laboratories. KCS and AsiaMed will contribute their existing capital equipment and invest equally in the remaining required equipment, furniture, laboratory set-up, technical assistance, registration and transportation costs for all new equipment. KCS and AsiaMed will also be responsible for hiring and training all new staff and managing all aspects of the expanded business, including administration, finance, operations, sales and marketing.

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